HORNE Proclaims ‘War’ On Accounting Firm Culture; Works To Overhaul Culture Piece By Piece

HORNE Executive Partner Joey Havens is on a mission. He compares work culture within accounting firms to quicksand, and he believes that the profession may drown in its own inaction if it doesn’t change soon.

Havens, who leads Ridgeland, Miss.-based HORNE (FY13 net revenue of $67.3 million), says that the way accounting firms do business will undergo a major transformation in the not-too-distant future. It’s inevitable. But will the profession change its outdated culture fast enough to handle the threats around the corner?

With the impending wave of Baby Boomer retirements, lack of bench strength, leadership development that is historically dominated by a sink-or-swim mentality, a high turnover rate and ever-increasing client demands for better insights and proactive approaches to their problems, Havens has been questioning what he calls the “mainstays” of public accounting culture.

Examples? Success is about fitting in and doing what you’re told. Communication is top down. Working long hours is a badge of honor. Work must be done in the office. Seniority is a big deal. Worth is determined by hours worked rather than the results.

The profession also suffers from “bad logic,” he says:

- “What got us here will get us there.”– Accounting firms have been successful in the past, but that doesn’t mean the same practices will work in the future.
- “Millennials don’t want to work hard.” – Their work ethic is very strong, Havens says. They just want to work differently.
- “There’s always enough people.” – Young people are not sticking with accounting as a career, Havens says, and the shortage of talent is real.
- “Strong client relationships mean growth.” – Yes, good relationships help, but proactive insight and guidance is now critical to growth.

Havens believes these beliefs and practices – in place for 50 years or so – are outmoded and make it difficult to recruit the brightest young minds to the profession and keep them in public accounting. That’s why he’s declared “war” on accounting firm culture and is launching a major overhaul.
“First of all it is about changing the culture at HORNE,” says Havens, “but it’s also about building the momentum across our profession, because it’s a war we can win if we do it together.”

HORNE, an IPA 100 firm with offices in five states from Tennessee to Texas, is taking on the challenge piece by piece. “It’s more than an initiative,” he says. “It’s really a paradigm shift in how we live and work and how we serve clients.”

There’s lots of talk about culture, and its importance to a firm’s success, but what’s involved in this kind of a shift? What are the component parts, and how do they fit together to create a firm culture “by design” instead of “by chance?”

The ultimate goal is to become the “Wise Firm ©” (a HORNE culture term), which Havens points out does NOT mean HORNE is smarter than anyone else, but that it aims for smart, sustainable growth that allows clients and staff to reach their full potential.

To get there, Havens says the firm is in the middle of a “long-term plan.” In 2012, HORNE implemented the discipline of “focus.” Rather than serving as a generalist kind of firm that’s all things to all people, HORNE is focusing its business on seven service areas: construction, financial institutions, franchise, government services, health care, public and middle market, and wealth advisory.

In 2013, the plan added “engagement.” The long-term plan is working, Havens says, because they are methodically layering in major mindsets that they want to become cultural norms. The “focus” priority didn’t go away, as they emphasized “engagement” last year. It’s not the “buzzword of the year,” rather more clarity on who they are, Havens says.

This year, the firm is emphasizing a sense of belonging and helping employees reach their full potential. He says Millennials, those born between 1980 and 1995, are looking for employers who ignite their passion and help them meet their personal goals. The firm has hired “Full Potential” coaches who receive rave reviews from this generation.

Next year, the firm will look at becoming more focused on results than hours worked. That involves changing how the firm measures results, how it does business, how professionals talk to clients, and how they price their services. Clients are demanding a more proactive approach to solving their business problems. “I believe outcome-driven firms will outperform firms that bill by the hour,” he says.
The firm is in the beginning stages of implementing advanced pricing in collaboration with their clients – moving away from a billing rate times the number of hours worked. This opposes another mainstay of accounting: “bill and duck,” he says. This occurs when a firm engages on a project without a set fee or an original estimate of fees and then the scope gets blown. Rather than calling the client and explaining the situation, some firms will simply send the bill and “duck,” hoping the client doesn’t challenge the bill.

Throughout it all, HORNE is encouraging people across the firm to work collaboratively. Communication is not an edict from above, as new philosophies and ideas (they are working to limit the number of policies at HORNE) are vetted and often created by team members utilizing HORNE’s Collaboration Hub. The hub is a technology tool that allows every team member to propose solutions, ideas, comments and questions for a proposed concept.

Raises, bonuses and promotions are based on results rather than the typical measurements like seniority and hours worked. The firm will constantly be looking at whether it is able to recruit and retain top talent and whether it remains relevant with clients, Havens says.

Havens is quick to say that HORNE is not inventing the process of culture change. “We’re using things that have already been shown to work.” He says firm leaders are guiding the change with lots of communication, transparency and collaboration. The partners play a huge role in reflecting the change leaders are hoping to see.

“The unorthodox part of this is we’re talking about our warts,” he says. “We refuse to sit back and settle for being mediocre. We want to improve every day.”

Havens says the profession is going to change, and encourages other firms to join the effort to redefine the culture of the profession. “The danger in the status quo is that you lose relevance, and there’s going to be a shortage of talent, and if you’re not relevant you’re not going to have the talent to grow your firm or serve your clients.” ■IPA